



Committed to the future of rural communities.

# **Financing Programs**

## **for**

# **Community and Economic Development**

**Available in Pennsylvania**  
**February 2005**

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# USDA RURAL DEVELOPMENT FINANCING PROGRAMS

## Rural Housing Programs

Program	Objective	Applicant	Uses	Population	Loan/ Grant	Terms/Conditions
Single Family Home Ownership Loans	Safe, well-built, affordable homes for rural Americans	Families and individuals apply to RD office in their area.	Buy, build, improve, repair or rehabilitate rural homes as the applicant's permanent residence	Rural areas and populations of 10,000 or less	Direct loan	Up to 100% of market value or cost, whichever is less. Loan amortized for 33 years. Applicant may be eligible for payment assistance (subsidy) on the loan.
Single Family Home Repair Loans and Grants	To help very-low income applicants remove health and safety hazards or repair their homes	Families and individuals who currently own their home apply to RD office in their area.	Loan and grant purposes include: winterizing, purchase or repair of heating system, structural repair, water/sewage connect fees, and similar uses	Rural areas and populations of 10,000 or less	Direct loan	Terms to 20 years @ 1%. Assistance to individual may not exceed \$20,000. Grants available to applicants 62 years or older with limited income. Maximum grant is \$7500.
Self-Help Housing Loans/Technical Assistance Grants	Individual homes built by a group of applicants, with construction guidance of a non-profit organization	Families and individuals apply to RD office in their area.	Loan applications are processed on an individual basis for each participating family. Loan for site, material and skilled labor.	Rural areas and populations of 10,000 or less	Direct loan	The individual families receive a direct loan. The non-profit housing organization gets grant to hire a supervisor and pay other administrative expenses.
Single Family Home Ownership Loan Guarantees	Assist eligible applicants in buying their homes by guaranteeing private lenders' loans	Families and individuals apply to approved lenders. Income may not exceed moderate income levels.	Loans may be made to purchase new or existing homes.	Rural areas and populations of 10,000 or less	Loan guarantee	30 year, fixed rate. Interest negotiated between lender and borrower. Maximum loan is 100% of the appraisal plus the guarantee fee. Maximum loan is limited by the repayment ability of the applicant. Fee is 2.00% of loan amount.
Rental Housing for Families and Elderly Direct Loans and Loan Guarantees	Safe, well-built affordable rental housing for rural Americans	Individuals, profit and non-profit organizations. For guarantees, apply to lenders; for direct, apply to RD State Office	New construction or substantial rehabilitation of rental housing	Rural areas designated on RD Place list.	Direct loan or loan guarantee	Up to 100% of market value (non-profits); 95-97% (for limited profits/LIHTC). Up to 30 years with 50- year amortization. Interest credit available.
Housing Preservation Grants	Repair and rehabilitate housing owned or occupied by low income rural people	Public bodies and non-profit corporations apply to RD	Operate a program which finances the repair and rehabilitation activities	Rural areas and populations of 10,000 or less	Grant	Grant Agreement Conditions
Community Facilities Programs	Provide essential community facilities for rural communities	Public bodies and non-profit corps. Guaranteed apply to lender. Direct and grant apply to RD office in their area.	Build facilities, equipment, operating costs. Fire and rescue. Telecommunications for schools, libraries, hospitals. Recreation facilities with guaranteed only.	Rural areas and populations of 20,000 or less	Direct loan or loan guarantee Grant	Up to 100% of market value Up to 40 years or life of security
Farm Labor Housing	Safe, well-built affordable housing for farm workers	Individuals, profit and non-profit organizations apply to RD	New construction or substantial rehabilitation of rental housing for farm workers	All areas	Direct loan and grant	Up to 100% of market value Up to 33 years @ 1% interest

Direct Loans and Grants – Apply to Rural Development

Loan Guarantees – Apply to Intermediary (approved banks, mortgage companies)

# Rural Business & Economic Development Programs

Program	Objective	Applicant	Uses	Population	Loan/ Grant	Terms/Conditions
Business and Industry Loan Guarantees	Create jobs and stimulate rural economies by providing financial backing for rural businesses	Business applies through Federal or State Chartered banks, credit unions, savings & loan associations or other approved lenders. Bank/lender then applies to RD for loan note guarantee.	Most legal business purposes. Acquisition, start-up and expansion of businesses that create rural employment. Cannot finance farms, golf courses, gambling and certain other businesses.	All areas except cities of more than 50,000 and their immediately adjacent urban areas.	Loan guarantee	Lender and borrower negotiate terms within maximum terms allowed by USDA. Interest rates set by lenders may be fixed or variable.
Business and Industry Direct Loans	Create jobs and stimulate rural economies by providing financial backing for rural businesses	Business applies directly to RD office in their area.	Most legal businesses purposes. Acquisition start-up and expansion of businesses that create rural employment. Cannot finance farms, golf courses, gambling and certain other businesses (no tourism, recreation or lodging)	All areas except cities of more than 50,000 and their immediately adjacent urban areas.	Direct loan	RBS and borrower negotiate terms; fixed interest rate determined periodically by Rural Development. Available only in distressed rural communities where there are inadequate sources of commercial credit. <b>THIS PROGRAM IS NOT FUNDED AT THIS TIME – May, 2004</b>
Rural Business Enterprise Grants	Finance and facilitate the development of small and emerging private business enterprises	Public bodies; nonprofit corporations including federally recognized Indian tribal groups apply to RD office in their area.	Buy and develop land, construct buildings, plants, equipment, access streets and roads, parking areas, utility and service extensions, rural distance learning networks. Recipients make loans to third parties. Technical Assistance to private businesses	All areas except cities of more than 50,000 and their immediately adjacent urban areas.	Grant	When grant funds are used for revolving loan fund (RLF) the intermediary makes loans to businesses from its RLF on terms consistent with security offered
Rural Business Opportunity Grants	Promote sustainable economic development in rural communities of exceptional need.	Public bodies, nonprofit corporations, Federally recognized Indian tribal groups and cooperatives with members being rural residents.	Identify & analyze business opportunities, provide technical assistance, establish business support centers, conduct economic development planning & leadership training	Rural areas and cities with populations of 10,000 or less	Grant	Within one year after conclusion of the project, the grantee will provide a project evaluation report based upon criteria developed in accordance with the project's scope of work.
Intermediary Relending Program Loans	Finance business facilities and community development projects in rural areas	Public bodies, nonprofit corporations, cooperatives, Federally recognized Indian tribal groups, apply to RD office in their area.	Community development projects, establishment or expansion of businesses, creation or saving rural jobs	Rural areas and places with populations of less than 25,000	Direct loan	USDA loan to intermediary at 1% interest for 30 years. The intermediary makes loans to businesses from its revolving loan fund on terms consistent with security offered
Rural Economic Development Loans and Grants	Finance economic development and job creation in rural areas	Electric Cooperatives & Rural Telephone Companies with RUS or Rural Telephone Bank outstanding loans, apply to RD office in their area.	Business startup or expansion projects that create rural jobs	Rural areas and places with populations of 2,500 or less	Direct loan	The intermediary, electric cooperatives or rural telephone company, make loans to profit or non-profit business and public bodies for rural economic development and/or job creation projects.

## Rural Business & Economic Development Programs continued...

Program	Objective	Applicant	Uses	Population	Loan/ Grant	Terms/Conditions
Rural Cooperative Development Grants	To improve the economic condition of rural areas through cooperative development.	Non-profit corporations and institutions of higher education based specific selection criteria.	Assistance to small, minority producers through their cooperative businesses by establishing or operating a center for cooperative development.	Centers must serve rural areas defined as cities of less than 50,000 & its immediately adjacent urbanized or urbanizing areas.	Grant	Project selection criteria are announced by a NOFA. Applications must be submitted as outlined in the NOFA. Each project is award priority processing points to rank each project for selection.
Value Added Market Development Grants	Encourage independent producers of Ag products and commodities to further refine these products increasing their value to end users. *Changes expected	Independent agricultural producers or association of producers, producer-owned corporations. *Changes expected	Conduct leadership development, conduct feasibility studies, develop business plans, develop marketing plans, establish working capital accounts	Where eligible applicants reside	Grant	Projects rated by: Technical feasibility, level of producer commitment, qualifications of personnel, plan of work, protect cost per producer, level of outside support. *Program changes will be announced by <u>Federal Register</u> .

*Direct Loans and Grants - Apply to Rural Development    Loan Guarantees - Apply to Intermediary (approved banks, credit unions, etc.)*

## Community Programs

Program	Objective	Applicant	Uses	Population	Loan/ Grant	Terms/Conditions
Water and Waste Disposal Loans and Grants	Providing infrastructure for rural areas	Public entities and non-profit corporations. Apply to RD area offices.	Build, repair, improve public water systems, and waste collection and treatment systems, and other related costs including separation of storm water.	Rural areas and places with up to 10,000 population	Direct loan and grant	Interest rates are set quarterly based on an index of current market yields for municipal obligations. Repayment maximum 40 years. Grant funds may be available
Water and Waste Disposal Loan Guarantees	Providing infrastructure for rural areas	Eligible lenders obtain guarantee for loans made and serviced by them. Lenders should contact RD office in their area.	Construct, repair, modify, expand, improve water supply and distribution systems, and waste collection and treatment systems, and other related costs including separation of storm water.	Rural areas and places with up to 10,000 population	Loan guarantee	Not eligible for grant  <a href="http://www.rurdev.usda.gov/rus/">www.rurdev.usda.gov/rus/</a>
Solid Waste Management Grants	Provide technical assistance and/or training to help communities reduce the solid waste stream	Non-profit organizations and public bodies  Contact RD State Office or application may be submitted to the RD National Office, Washington, DC.	Provide technical assistance and training to reduce pollution of water resources and improve management of solid waste facilities, reduction of solid waste in streams	Rural areas and places with up to 10,000 population	Grant	Projects funded based on selection at National Level
Electric and Telecommunication	Provide financial aid through direct and guaranteed loans	Non-profit and cooperative associations, public bodies and other utilities. Contact USDA-RUS-Electric Staff Div., STOP 1569, 1400 Independence Ave. SW, Washington, DC 20250-1569	Generation, bulk transmission facilities and distribution of electric power. Enhance 911 emergency service, digital switching equipment, fiber optic cable	Rural areas	Direct loan or loan guarantee	Interest rates are established in accordance with 7CFR 17145  <a href="http://www.usda.gov/rus/telecom/index.htm">www.usda.gov/rus/telecom/index.htm</a> or <a href="http://www.usda.gov/rus/electric/index.htm">www.usda.gov/rus/electric/index.htm</a>
Distance Learning and Telemedicine	Development and deployment of advanced telecommunication services throughout rural America	An incorporated entity, including a municipal corporation or a for-profit or not for profit basis, which operates, or will operate an educational institution, including a regional educational laboratory, library, hospital, medical center, medical clinic or any rural community facility. Rural schools, libraries, health care clinics and other organizations that operate educational or health care facilities. Application submitted to the RD National Office, Washington, DC	Equipment for classrooms: cameras, video monitors computers and LAN; and for physician consultation, radiology, x-ray scanners and digital microscopes	Rural areas	Direct loan and/or grant	Matching funds are required  <a href="http://www.usda.gov/rus/telecom/dlt/dlt.htm">http://www.usda.gov/rus/telecom/dlt/dlt.htm</a>  <a href="http://www.usda.gov/">http://www.usda.gov/</a>

## Summary of Program Purposes

	LAND & BUILDING	MACH. & EQUIP.	WORKING CAPITAL	INFRA STRUCT.	TRAIN/ TECH.
<b>RURAL HOUSING - SINGLE FAMILY</b>					
Section 502 - Direct loan	•				
Section 502 - Guaranteed loan	•				
Section 504 - Loan/grant	•				
<b>- MULTI- FAMILY</b>					
Rural rental housing - Guaranteed loan	•			•	
Rural rental housing - Direct loan	•			•	
Farm labor housing - Loan/grant	•			•	
Housing preservation -Grant	•	•	•	•	•
<b>RURAL BUSINESS &amp; ECONOMIC DEV.</b>					
Business & Industry - Guaranteed loan	•	•	•	•	
Business & Industry - Direct loan	•	•	•	•	
Rural Business Enterprise Grant	•	•	•	•	•
Intermediary Relending - Loan	•	•	•	•	
Rural Cooperative Development Grant					•
Rural Economic Development Loan and Grant	•	•	•	•	•
Rural Business Opportunity Grant					•
Value Added Market Development Grant			•		•
<b>COMMUNITY PROGRAMS</b>					
Water and sewer - loan/grant	•	•	•	•	
Water and sewer - Guaranteed loan	•	•	•	•	
Solid waste management grant					•
Distance learning & telecomm. loan/grant		•		•	
Community facilities - Direct loan/grant	•	•	•	•	
Community facilities - Guaranteed loan	•	•	•	•	

# **U S D A Rural Development**

## **Pennsylvania Offices**

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### **Pennsylvania State Office**

One Credit Union Place, Suite 330  
Harrisburg, PA 17110-2996  
(717) 237-2299

### **Crawford Local Office**

14699 N. Main St. Extension  
Meadville, PA 16335-9441  
(814) 336-6155 EXT. 4

### **Clinton Local Office**

216 Spring Run Rd., Room 103  
Mill Hall, PA 17751-9543  
(570) 726-3196 EXT. 4

### **Butler Local Office**

625 Evans City Rd., Suite 101  
Butler, PA 16001-8704  
(724) 482-4800 EXT. 4

### **Westmoreland Local Office**

Donohoe Center, Donohoe Rd.  
RR #12, Box 202-A  
Greensburg, PA 15601-9217  
(724) 853-5555 EXT. 4

### **Lehigh Local Office**

2211 Mack Blvd.  
Allentown, PA 18103-5623  
(610) 791-9810 EXT. 4

### **Lycoming Local Office**

542 County Farm Rd., Suite 205  
Montoursville, PA 17754-9209  
(570) 433-3006 EXT. 4

### **Wyoming Local Office**

One Hollowcrest Complex  
Tunkhannock, PA 18657-6632  
(570) 836-5111 EXT. 4

### **York Local Office**

124 Pleasant Acres Rd.  
York, PA 17402-8988  
(717) 755-2966 EXT. 4

### **Lebanon Local Office**

2120 Cornwall Rd., Suite 7  
Lebanon, PA 17042-9790  
(717) 272-3908 EXT. 6

### **Juniata Local Office**

RD #3, Box 301  
Mifflintown, PA 17059-9621  
(717) 436-8953 EXT. 4